

Consolidated Africa Limited

A.C.N. 605 659 970

Condensed Half-Year Financial reports - 31 December 2017

Consolidated Africa Limited
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**Consolidated Africa Limited
Corporate Directory
31 December 2017**

Directors	Mr Philip Lindsay (Executive Chairman) Mr Douglass Cahill (Non-Executive Director) Mr John Cross (Non-Executive Director)
Company Secretary	Mr Philip Lindsay
Registered office	Level 28 1 Market Street Sydney NSW 2000 Ph: (02) 9265 3000 Fax: (02) 9261 5918
Principal place of business	Level 28 1 Market Street Sydney NSW 2000 Ph: (02) 9265 3000 Fax: (02) 9261 5918
Share register	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Ph: (02) 1300 737 76 Fax: (02) 1300 653 459 www.boardroomlimited.com.au
Auditor	Connect Audit Level 9 401 Collins Street Melbourne VIC 3000
Stock exchange listing Securities Exchange	Consolidated Africa Limited shares are listed on the National (NSX code: CRA)

Consolidated Africa Limited
Directors' report
31 December 2017

The directors present their report, together with the financial statements, on the consolidated entity for the period ended 31 December 2017.

Directors

The following persons were directors of the Consolidated entity during the whole of the financial period and up to the date of this report, unless otherwise stated:

Mr Philip Lindsay (Non-Executive Chairman and Company Secretary)
Mr Douglas Cahill (Non-Executive Director)
Mr John Cross (Non-Executive Director)

Principal activities

During the financial period the principal continuing activities of the consolidated entity consisted of:

- Key focus is exploring and developing the potential of the graphite deposits found within the exploration licence 1025 (EL 1025) in Kitgum, Uganda (the Orom Project).

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Review of operations

The loss for the consolidated entity after providing for income tax is \$448,080.

Financial Position

During the half year to 31 December the Consolidated entity experience a loss of \$448,080. The Board and management continues to review operations and operate the business as efficiently and effectively as possible and during the year expense management became a priority and costs were reduced.

The Consolidated entity continues to explore and develop the graphite projects in Kitgum Uganda (the Orom Project, licence numbers EL 1025 & EL 1173).

One of the objectives of the consolidated entity is to maximise the value of the business for its shareholders. The Board has investigated the possibility of entering into joint ventures with various partners to maximise the potential of the project.

As 31 December 2017, the consolidated entity had a cash balance of \$1,496 (30 June 2017: \$1,814) and a working capital deficiency of \$232,996 (30 June 2017: \$425,816).

Significant changes in the state of affairs

On 13 September 2017, the Consolidated entity issued 5,652,599 fully paid ordinary shares at an issue price of \$0.10 and 1,247,500 unlisted options at an exercise price of \$0.05 (5 cents) expiring on 30 September 2017; the shares were issued in consideration of outstanding director fees and management fees.

On 13 September 2017, the Consolidated entity issued 312,500 fully paid ordinary shares at \$0.08 (8 cents) raising \$25,000 and the issue of 125,000 fully paid ordinary shares at \$0.08 (8 cents) per share in satisfaction of outstanding director fees. The Consolidated entity also issued 187,500 unlisted options exercisable at \$0.05 (5 cents) expiring on 30 September 2020.

Consolidated Africa Limited
Directors' report
31 December 2017

The Company entered into a loan agreement with a company associated with the directors for \$100,000 interest payable of 10% per annum. At 31 December 2017 \$41,531 had been called off the loan. Interest payable amounted to \$1,900.

The consolidated entity is in the process of determining how best to develop the graphite deposits and is in discussions with various parties to invest in the project.

Likely developments and expected results of operations

The consolidated entity will continue to pursue its objective of maximising value of its investments held in exploration assets through continued exploration of areas of interest and sale of interests in permits held.

The Consolidated entity's focus for the coming periods will be position the business to develop the graphite deposit, review additional potential exploration project acquisitions.

Environmental regulation

The Consolidated entity's projects are subject to Ugandan laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development proceed.

The Consolidated entity intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Consolidated entity's activities will be rehabilitated as required by the applicable laws and regulations.

Information

No other matter or circumstances has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Matters subsequent to the end of the financial period

The company has had discussions with various party to enter into a joint venture or sell the asset. The Board continues to look at ways to maximise the return to shareholders.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporation Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the corporations Act 2001.

On behalf of the directors



Mr Philip Lindsay
Executive Chairman
12/10/2018

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor for the review of Consolidated Africa Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Consolidated Africa Limited and its controlled entities.



George Georgiou FCA
Registered Company Auditor
ASIC Registration: 10310
Melbourne, Victoria
Date: 12 October 2018

Consolidated Africa Limited
Consolidated statement of profit and loss and other comprehensive income
For the period 31 December 2017

Consolidated			
	Note	31 December 2017	31 December 2016
Expenses			
Administration		(13,434)	(36,054)
Corporate Expenses		(58,382)	(174,826)
Employee benefits expense		(295,698)	(249,312)
Depreciation & Amortisation		(2,279)	(2,261)
Share based payments		(78,790)	(196,237)
Realised currency gain/ (loss)		503	(7,875)
		<hr/>	<hr/>
Loss before income tax expense		(448,080)	(666,565)
Income tax expense		-	-
		<hr/>	<hr/>
Loss after income tax expense for the period attributable to the owners of Consolidated Africa Limited		(448,080)	(666,565)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period attributable to the owners of Consolidated Africa Limited		<hr/> (448,080) <hr/>	<hr/> (666,565) <hr/>
		Cents	Cents
Basic earnings per share	9	(0.55)	(0.97)
Diluted earnings per share	9	(0.55)	(0.97)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated Africa Limited
Consolidated Statement of financial position
As at 31 December 2017

		Consolidated	
	Note	31 December 2017	30 June 2017
Assets			
Current assets			
Cash and cash equivalents		1,496	1,814
Trade and other receivables		7,033	5,537
Other		8,722	19,473
Total current assets		<u>17,251</u>	<u>26,824</u>
Non-current assets			
Property, plant and equipment		15,070	17,348
Exploration and evaluation	4	<u>3,022,660</u>	<u>2,982,232</u>
Total non-current assets		<u>3,037,730</u>	<u>2,999,580</u>
Total assets		<u>3,054,981</u>	<u>3,026,404</u>
Liabilities			
Current Liabilities			
Trade and other payables		191,716	424,140
Loan related party	5	<u>58,531</u>	<u>28,500</u>
Total current liabilities		<u>250,247</u>	<u>452,640</u>
Total liabilities		<u>250,247</u>	<u>452,640</u>
Net Assets		<u>2,804,734</u>	<u>2,573,764</u>
Equity			
Issued capital	6	5,115,446	4,515,186
Reserves		670,637	591,848
Accumulated losses		<u>(2,981,350)</u>	<u>(2,533,270)</u>
Total Equity		<u>2,804,734</u>	<u>2,573,764</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated Africa Limited
Consolidated Statement of change in equity
As at 31 December 2017

	Issued capital \$	Option Reserve \$	Retained Profits \$	Total Equity \$
Consolidated				
Balance at 1 July 2016	3,256,146	316,539	(1,246,624)	2,326,061
Loss after income tax expense for the period	-	-	(666,565)	(666,565)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(666,565)	(666,565)
Issue of shares	787,916	-	-	787,916
Cost of capital	(11,990)	-	-	(11,990)
Share based payments	-	196,237	-	196,237
Balance at 31 December 2016	<u>4,032,072</u>	<u>512,776</u>	<u>(1,913,189)</u>	<u>2,631,659</u>

	Issued capital \$	Option Reserve \$	Retained Profits \$	Total Equity \$
Consolidated				
Balance at 1 July 2017	4,515,186	591,847	(2,533,270)	2,573,764
Loss after income tax expense for the period	-	-	(448,080)	(448,080)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(448,080)	(448,080)
Issue of shares	600,260	-	-	600,260
Cost of capital	-	-	-	-
Share based payments	-	78,790	-	78,790
Balance at 31 December 2017	<u>5,115,446</u>	<u>670,637</u>	<u>(2,981,350)</u>	<u>2,804,734</u>

The above statement of changes in equity should be read in conjunction with the accompanying accounts

Consolidated Africa Limited
Consolidated Statement of cash flows
As at 31 December 2017

Consolidated		
Note	31 December 2017 \$	31 December 2016 \$
Cash flows from operating activities		
Payment to suppliers and employees	(118)	(118,074)
Net cash used in operating activities	(118)	(118,074)
Cash flows from investing activities		
Payments for exploration and evaluation	(56,634)	(137,639)
Net cash used in investing activities	(56,634)	(137,639)
Cash flows from financing activities		
Proceeds from issue of shares	-	197,664
Proceeds from borrowing	55,931	-
Net cash from financing activities	55,931	197,664
Net decrease in cash and cash equivalents	(821)	(58,049)
Cash and cash equivalents at the beginning of the financial period	1,814	71,471
Effects of exchange rate changes on cash and cash equivalents	503	(8,724)
Cash and cash equivalents at the end of the financial period	1,496	4,698

The above statement of cash flows should be read in conjunction with the accompanying notes

Consolidated Africa Limited
Notes to the financial statements
31 December 2017

Note 1. General information

The financial statements cover Consolidated Africa Limited as a consolidated entity consisting of Consolidated Africa Limited and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is Consolidated Africa Limited's functional and presentation currency.

Consolidated Africa Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 28
1 Market Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements. The financial statements were authorised for issue, in accordance with a resolution of directors, on 12 October 2018.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted.

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. During the half-year period the Company incurred a loss of \$448,080 (2016: \$666,565). At 31 December 2017, the Company has cash and cash equivalents of \$1,496 (30 June 2017: \$1,814) and a working capital deficiency of \$232,996 (30 June 2017: deficiency of \$425,817). Based on current cash reserves at the date of this report, the Company needs to seek additional cash resources to continue to pay its debts.

Consolidated Africa Limited
Notes to the financial statements
31 December 2017

Note 2. Significant accounting policies (continued)

Therefore to continue as a going concern the Consolidated entity must:

- Raise additional equity, and
- manage the consolidated entity's cost structure within the constraints of available cash resources.

Based on the recent history of the Consolidated entity the directors believe future capital raises will be successful.

Accordingly, the financial report has been prepared on the going concern basis based on the ability of the consolidated entity to achieve sufficient cash inflows from raise further equity, where necessary, to fund working capital. On this basis the directors consider that the consolidated entity remains a going concern and these financial statements have been prepared on this basis.

The Consolidated entity continues to closely monitor expenditure, and the Board is confident that it will be able to manage its cash resources appropriately without negatively impacting upon planned activities. On this basis the directors consider that the consolidated entity remains a going concern and these financial statements have been prepared on this basis.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Note 3. Operating segments

The consolidated entity is organised into one operating segment which consists of exploration for minerals and in particular graphite around the world. This operating segment is based on internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining allocation of resources.

Note 4. Non-current assets - exploration and evaluation

	Consolidated	
	31 December	30 June
	2017	2017
	\$	\$
Exploration and evaluation – at cost	<u>3,022,660</u>	<u>2,982,232</u>

Reconciliations

Reconciliations of the written down value at the beginning and end of the current financial period are set out below:

	Exploration & Evaluation	Total \$
Consolidated		
Balance as at 1 July 2017	2,982,232	2,982,232
Additions	<u>40,428</u>	<u>40,428</u>
Balance at 31 December 2017	<u>3,022,660</u>	<u>3,022,660</u>

Consolidated Africa Limited
Notes to the financial statements
31 December 2017

Note 5. Current liabilities – directors' loan

Consolidated	31 December 2017	30 June 2017
Loan from Kitgum Mining Ltd	43,431	-
Director's Loan	15,100	28,500
	<u>58,531</u>	<u>28,500</u>

- i) Security: Secured on its 100% shareholding in its subsidiary, Consolidated Africa Resources Limited
ii) Director, Philip Lindsay, is also a director of Kitgum Mining Ltd.

Note 6. Equity – issued capital

	31 December 2017 Shares	30 June 2017 Shares	Consolidated 31 December 2017 \$	30 June 2017 \$
Ordinary shares – fully paid	<u>84,414,530</u>	<u>78,324,431</u>	<u>5,115,446</u>	<u>4,515,186</u>

Movements in ordinary shares

	Date	Shares	Issue price	\$
Balance	1 July 2017	78,324,431		4,515,186
Share based payment	13 September 2017	1,060,000	\$0.10	106,000
Share based payment	13 September 2017	4,592,599	\$0.10	459,260
Share based payment	13 September 2017	437,500	\$0.08	35,000
Cost of capital		-		-
Balance	31 December 2017	<u>84,414,530</u>		<u>5,115,446</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back

Consolidated Africa Limited
Notes to the financial statements
31 December 2017

Note 7. Equity – dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Note 8. Contingent liabilities

There are no contingent liabilities as at 31 December 2017.

Note 9. Earnings per share

	Consolidated 31 December 2017 \$	31 December 2016 \$
Loss after income tax attributable to the owners of	<u>(448,080)</u>	<u>(666,565)</u>
	Cents	Cents
Basic earnings per share	(0.55)	(0.97)
Diluted earnings per share	(0.55)	(0.97)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>81,951,867</u>	<u>68,859,104</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>81,951,867</u>	<u>68,859,104</u>

Consolidated Africa Limited
Notes to the financial statements
31 December 2017

In the directors' opinion:

- The attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and the other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with the resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Philip Lyndsay
Executive Chairman
Date 12/10/2018

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF CONSOLIDATED AFRICA LIMITED

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Consolidated Africa Limited and its controlled entities, which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of Consolidated Africa Limited and its controlled entities' financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Consolidated Africa Limited and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Acts 2001*, which has been given to the directors of Consolidated Africa Limited and its controlled entities, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Consolidated Africa Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- a) Giving a true and fair view of the consolidated entities' financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of \$448,080 during the half year ended 31 December 2017. And, as of that date, the Group has accumulated losses of \$2,981,350. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



George Georgiou FCA
Registered Company Auditor
ASIC Registration: 10310
Melbourne, Victoria
Date: 12 October 2018